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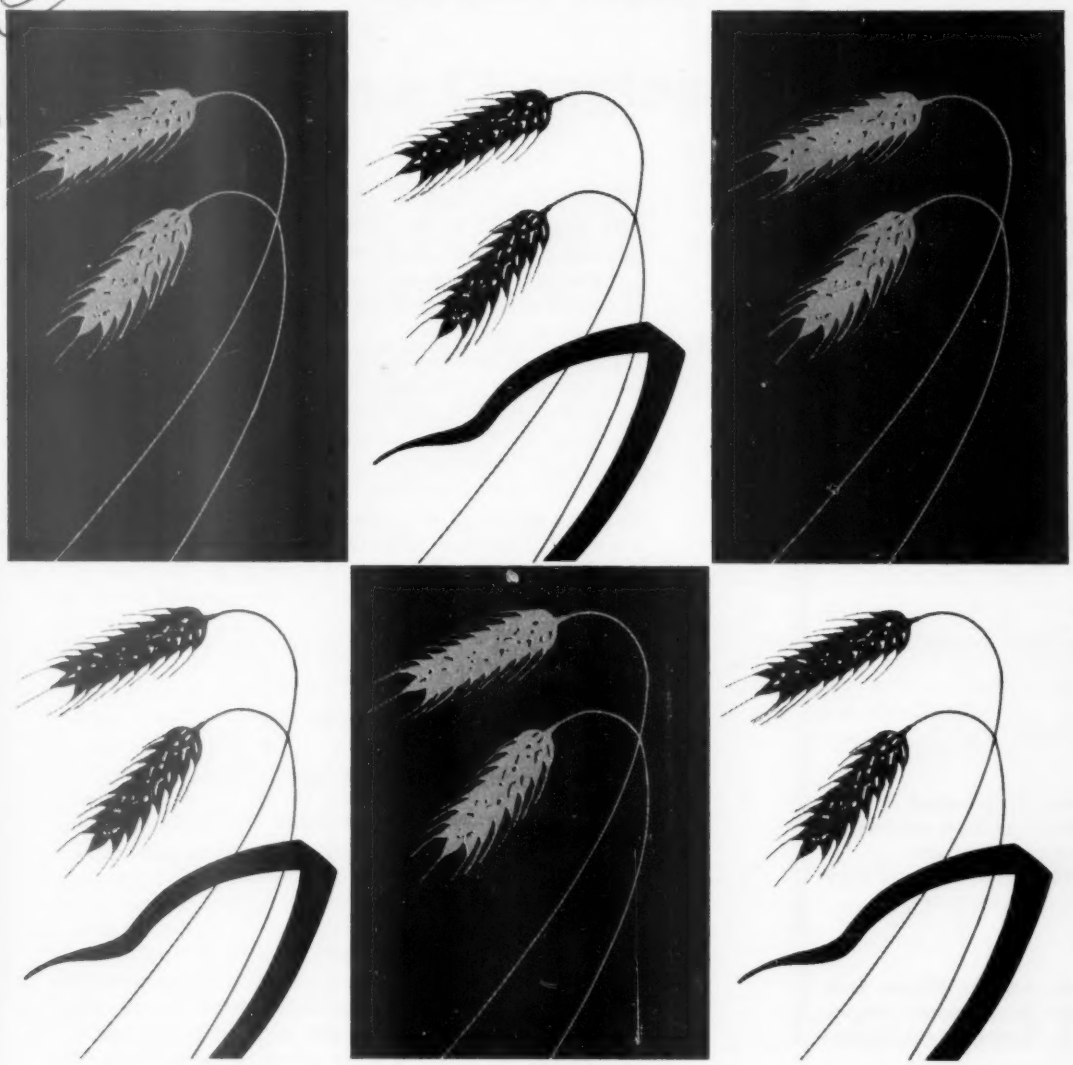

July 21, 1969

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U.S. Agriculture in a Changing World

Brazil's Wheat Policy

AUG 5 1969

Foreign
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FOREIGN AGRICULTURE

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Clifford M. Hardin, Secretary of Agriculture
Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs
Raymond A. Ioanes, Administrator, Foreign Agricultural Service

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American Ag

No one is more sensitive to change than a farmer. His day's work is governed by the variables of season, moisture, soil and crop conditions. His livelihood is linked to markets that may rise and fall from day to day—even hour to hour. And his success as a manager is tied to his ability to size up trends from year to year.

Thus the farmer lives in a changing world—and he always has. But there's a difference today. And the difference is in the speed with which basic changes are taking place—not only in farming but in markets, transportation, and the whole pattern of agricultural-business relationships.

Those of us who are living now are seeing whole centuries of change telescoped into decades of time. We are caught up in a world of ferment where the most remote happening may impinge on the daily business of farming in America.

It is only a short time since Secretary Hardin and I returned from Europe—it was my third trip overseas since the middle of April. And the changing world, as it affects our agriculture, is much on my mind.

Opportunities exist in world markets, but protectionism, competition, and our own problems retard exports of our farm products.

As you look around the world in 1969, you see a good many things that are encouraging. There is a general growth in economies. This means that living standards are rising. There is a growing taste for quality and variety in foods and other goods—wants that can be satisfied through trade with other countries.

The European economy is growing at a rate of over 2 percent a year. Japan is moving at the phenomenal rate of 12½ percent. The lesser developed countries are expanding their economies at an average of about 3 percent—which is surprising and quite significant for the future. So there is much to be encouraged about.

Unfortunately, there is another side to the coin, and it is much less bright. There is a disappointing growth of protectionism in many of the world's markets—tariffs, import levies, quotas, and other artificial barriers. This is most destructive to world trade, and it is a serious concern to anyone interested in American agriculture and the historic position of this country in world trade.

Even without these artificial restrictions, competition would

The above article was taken from a paper presented by Mr. Palmby to the Norfolk Chamber of Commerce June 20, 1969.

Assistant Secretary Clarence D. Palmby reviews some of the problems American agriculture is encountering in international trade.

an Agriculture in a Changing World

be tough enough in the world. Many other countries have been coming on strong as producers of feedgrains, wheat, oilseeds, cotton, tobacco, poultry, and other commodities. And they are tough competitors.

These countries are sharing in the general scientific advance that is taking place in agriculture.

These world trends—along with some problems of our own making—add up to disappointment as far as U.S. exports are concerned. Earlier, it was estimated U.S. farm exports in 1968-69 would reach $6 billion. Prospects have now been lowered to $5.8 billion. Some of the blame, of course, must go to a long and frustrating dock strike on the East Coast and in Gulf ports.

With that thumbnail sketch of the international trade scene, let me go on to the key question: What is the United States doing about this? The answers are several.

The United States carries on a vigorous job of market development through cooperative programs involving the Department of Agriculture and commodity groups. These groups carry on extensive programs of consumer education in customer countries, product promotion, technical assistance, and marketing intelligence.

Promotion is, of course, only a part of the answer. Good salesmanship will not sell a product if it is not competitive in price, quality, and suitability. We are, therefore, moving toward market-building policies in our own farm programs—policies that encourage use, both here and abroad.

If the price support programs are to deal effectively with farm income, they must enable our farmers to maintain markets in the face of foreign and synthetic competition. In other words, prices must be supported at realistic levels that permit a commodity to move to its natural end, which is consumption.

How is this done?

An example is soybeans. The growth of soybean production in this country has historically followed a pricing policy that permitted soybeans to compete here and abroad. In other words, we build markets.

Three years ago, however, the price support level was set too high. This may not have been apparent then. But we know now what the effect was. Instead of taking maximum advantage of an expanding market situation for soybeans, we priced ourselves out of it. We handed a gratuitous advantage to the soybean farmer's competitors—both here and abroad.

Fishmeal imports have cut into soybean meal demand in this country to the point where they replaced approximately 750,000 tons of soybean meal equivalent last year (the meal from 30 million bushels of beans). Another competitor is the synthetic—urea—which also replaced 750,000 tons of soybean meal equivalent in beef cattle rations and another large tonnage in dairy cattle rations.

This year, we had to decide whether to continue the strangulation of our soybean markets or to assume a price relationship that will permit growth. The decision was to lower the soybean price support just enough to bring it into a realistic relationship with market prices—and to encourage growth in demand. The longer term welfare of soybean farmers was the determining factor.

About 85 percent of the 1968 crop of soybeans is being utilized during the 12-month period commencing September 1, 1968. We expect over 97 percent of the 1969 crop to be utilized next marketing year. And if we assume no change in price support next year, over 100 percent of the 1970 crop should disappear in the subsequent 12-month period. The soybean experience illustrates how, through unwise price fixing, future income is placed in producers' hand prior to the time of utilization of a commodity and thereby mortgaging what should be tomorrow's income.

So we are making headway—both in foreign market promotion and in domestic policies that encourage market expansion. Unfortunately neither of these efforts gets at the most serious and difficult trade problem that we have—the one that is least within our control.

Protected, artificially high prices are expensive to the countries themselves and disruptive of world trade.

The truth is that many of the world's countries are pursuing unrealistic pricing policies that are harmful to world trade. They are hurting U.S. exports, but they are also damaging to the long-term welfare of farmers and consumers within their own countries as well.

Obviously, protectionism—whether in the form of tariffs, quotas, or some other artificial barrier—works directly to reduce and discourage the sale of U.S. commodities in customer countries. But protected high prices within those countries also reduce consumer demand, and thus limit the total utilization or consumption of the products involved.

At the same time, these artificially high prices may stimulate excess production in other countries—production which can find no natural home. These excess supplies are being pushed into world trade, by means of large subsidies, and the American farmer must compete in a market where bargain basement prices prevail.

The most disruptive such influence in the world today is the European Community. Its pricing policies—unrelated as they are to prices in other trading countries—are a bitter

disappointment to anyone interested in a stable world market based on liberal trade.

The EC's policies are harmful to trade. They are costly to the people of the EC countries themselves. Our economists have estimated the total cost of agricultural support under the Common Agricultural Policy at more than $14 billion.

Direct budget expenditures for farm support are in the neighborhood of $7.7 billion. Indirect costs of the policy, in higher food costs to EC consumers, are estimated at about $6.4 billion.

Thus the Common Agricultural Policy is costing the people of those countries an estimated $14.1 billion. This is 4 percent of the Community's Gross National Product, and a high price to pay for policies that are essentially destructive to trade and to a sound agriculture within those countries.

I feel constrained to say that the CAP, as being developed, is a protectionist policy. It is contrary to policies being followed in the United States, which has tried to maintain a liberal stance with respect to trade. I can only add that if these policy trends continue in Europe, then the European Community and the United States are headed for an economic collision.

Despite the seriousness of these trends, I cannot foresee a reversal any time soon. And I say this with the deepest regret. In fact, I fear that these unsound trading policies may be extended to an enlarged European Community.

Europe's future may include an enlargement of the Common Market, with similar agricultural policies continuing.

Some leaders in the Community envision a larger Community in the not too distant future—one that includes the original Six plus the United Kingdom, Ireland, Denmark, Norway, and probably Spain and Portugal. Full membership for Greece would also be a part of this larger Europe.

These leaders also foresee that an enlarged Europe would foster an agricultural policy similar to the present one. This would mean high fixed prices that have no relationship to prices in the rest of the world. There would probably, however, be some recognition of specialization within the larger Community.

European agriculturalists appear eager to welcome the United Kingdom and other countries into the Community. British leaders have their application on file, and it's taken for granted in agricultural circles that there will be negotiations leading perhaps to full membership for that nation.

Unfortunately, there seems to be a lack of any feeling that agricultural prices should be competitve. I can detect no desire to make use of the principle of comparative advantage —so that trading countries get maximum benefit from their trade. Nor can I detect even simple good business judgment in some of the EC actions.

Not long ago, for example, the European Community sold 1.7 million bushels of French feed wheat to Taiwan for 99 cents a bushel. This price, for grain laid down in Taiwan, is about $17.00 a ton below the landed price of corn. To accomplish this, the EC paid an export subsidy much larger than the price of the grain itself at French ports.

This sale directly undercuts U.S. and Thai corn in a market that we had cultivated and developed. It represents unfair trade and irresponsible pricing. Beyond that, it is a direct contradiction of the spirit of the International Grains Arrangement—which has been in effect less than a year.

French milling wheat also has recently been sold to Taiwan at a price at least $12.00 per ton below the price quoted in Taiwan for comparable soft wheat from our West Coast.

The year-old International Grains Arrangement is failing to serve the intended purpose of those who drafted it.

I want to say a few words about the International Grains Arrangement, which the United States entered as a result of the Kennedy Round negotiations 2 years ago. The Arrangement succeeded the old International Wheat Agreement. Its purpose, widely heralded, was to strengthen and stabilize prices in world wheat trade.

At the time these discussions were begun in late 1966, we were in a period of world fear about potential wheat shortages, in 1965 and 1966. World supplies were low. Prices were working upward.

We can now see that, as a result of the climate at the time, the scale of prices written into the Grains Arrangement was set too high. By the time the Arrangement took effect a year later, these prices were already unrealistic. By that time—July 1, 1968—a rather drastic shift in world supplies was taking place.

The world harvested a near-record crop in 1967—and another very good crop in 1968. It appears now that 1969 will cap off a series of three big production years for world wheat—with the exception of one or two countries. But the point is that by the time the Grains Arrangement became effective a year ago, world prices had already worked down to levels slightly below those specified in the Arrangement. The result was that there was very little flexibility from the beginning; very little could be done to adjust prices under the Grains Arrangement.

Today, we are living in a world of wheat surplus that is weighing heavily on price. The result is that there is hardly any wheat being traded in the world at the agreed-upon price levels. The United States has taken a beating in world markets. The EC sale to Taiwan is an example.

We have talked repeatedly with other exporters in an effort to make the Arrangement work. But it is increasingly apparent that the Arrangement itself has some basic faults—particularly with respect to U.S. participation.

Looking back, I think it is fair to say that the International Grains Arrangement reflects to some extent the haste and the pressures that U.S. representatives were under at the time of negotiations 2 years ago. Among those pressures was the fact that the Trade Expansion Act of 1962 was to expire on July 1 that year. That Act, enabling the President to reduce

tariffs by 50 percent, was the authority under which the United States was negotiating.

The sad fact is that U.S. agriculture did not benefit from negotiations held under the authority of the 1962 act (Kennedy Round). The European import levies on several major agricultural commodities were larger at the conclusion of the Round than they were 5 years earlier.

What are the major defects in the IGA as far as the United States is concerned?

To begin with, the fact that most prices were built around the Gulf of Mexico as a basing point has forced the United States into a rigid pricing position. U.S. representatives were placed in a fixed posture relative to other exporters. Prices to other exporters are based on transportation differentials which are widely variable and subject to abuse.

Also, the Arrangement set a fixed schedule of minimum prices for 14 major wheats, which has resulted in a rigidity in pricing. This has worked against the United States because our country supplies several classes and finds itself with little or no flexibility to adjust prices between these wheats.

One problem of today's international trade in wheat is the larger number of countries that are exporting.

An overriding reason for difficulty with the Grains Arrangement is the fact that the world wheat trade now includes a number of exporting countries which have not historically been engaged in the export of wheat.

This is in contrast to the days of the International Wheat Agreement, when the United States and Canada were so dominant as exporters that they could enforce pricing stability. These two countries were both able and willing to hold large stocks and to discipline the volume of wheat being exported. This is no longer true.

One example: During the past 12 months, the Soviet Union has sold over 10 million bushels of wheat to the United Kingdom. The Soviet Union is not a signatory to the International Grains Arrangement because it is not a member of the parent treaty, the General Agreement on Tariffs and Trade, although membership is open to the Soviets should they choose to join. At any rate, the Soviet wheat was priced at a figure that was highly attractive to the British, and the result was a direct loss of sales by the United States and Canada.

Under these conditions, there is an obvious disadvantage to member countries that are trying to live within the Grains Arrangement.

In recent days, we have been reevaluating our situation with respect to wheat. It is apparent now that, even with the reduced allotment that has been in effect for 1969, we will have a large U.S. crop and a buildup in carryover. It seems likely that we will need to seek a reduction in next year's wheat crop. We expect, in the very near future, to make an announcement of the wheat allotment for 1970.

We have also been reevaluating our performance under the International Grains Arrangement. This was uppermost in mind as some of our people recently attended in London a meeting of the International Wheat Council—which is the key governing body.

We have really two large problems:

(1) How do we meet French competition in Taiwan?

(2) How can we be more competitive with some of our hard wheats in Europe and South America?

Both of these questions will require decisive action.

We have many trade problems. We must continue a dialogue with the European Community. We must attempt in these conversations to isolate and identify areas that can be negotiated.

These conversations should continue not only bilaterally, but also within international organizations such as the Organization for Economic Cooperation and Development and later, we hope, the General Agreement on Tariffs and Trade. The international organization of GATT, if it is to fulfill a continuing role, must be helpful in identifying areas in which to negotiate. By these means, we hope a degree of harmony can be brought to the agricultural trade that is so important to the world economy and to the American farmer.

Advances for Canadian Grain

Canadian Industry, Trade and Commerce Minister Jean-Luc Pepin and Agriculture Minister H. A. Olson announced on June 20, 1969, that Prairie grain farmers will be eligible for full interest-free advances in the new crop year (Aug. 1, 1969-July 31, 1970) even though outstanding advances have not been fully repaid. As a result, producers will be entitled to advances of approximately Can$65 million more than would have been the case if advances in the 1969-70 crop year were reduced by the amount outstanding from the current crop year. This will have the effect of providing western grain farmers with advance payments for both their 1968 and 1969 crops based on a 6-bushel-per-acre quota.

Thus, those farmers whose delivery opportunities this year were limited by the kind of grain they were holding will be able to obtain advances that will provide them with operating funds. In turn, their investment in the new crop year will not be impaired.

Last November the government doubled the maximum advance available from $3,000 to $6,000. During the current crop year some 92,000 producers have received advances totaling approximately $153 million. Under the old legislation the previous highest amount advanced was in the 1960-61 crop year when some 76,000 growers obtained advances totaling $64 million.

Large availabilities of grains, especially wheat, in the world market have slowed Canadian export movements in the last couple of years. These small exports plus large Canadian crops have caused a pileup in domestic channels, so that the Wheat Board has not been able to call for deliveries from farmers as freely as in previous years. It is to relieve the resulting shortage of cash in growers' hands that the present freeing of advances has been put into effect.

—Based on dispatch from ALFRED R. PERSI
Assistant U.S. Agricultural Attaché, Ottawa

An experiment in shipping

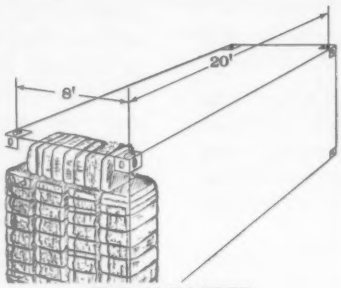
Cotton in Containers, Texas to Japan

This spring, the U.S. Maritime Administration, with the help of cotton and transportation interests, sponsored the first experimental through-shipment of U.S. cotton in containers. In the experiment, 197 bales of cotton in four containers went in an integrated rail-ship movement from Lubbock, Texas, to Kobe, Japan, by way of San Francisco. The purpose was to study the economic feasibility of moving U.S. cotton to Japan, and ultimately to other areas of the world, by the utilization of two major 20th-century transportation concepts — containerization and intermodality.

The experiment was under the direction of John Hoen and his associate John Norris, both of the Maritime Administration. Drawn from their report [1] are the details and conclusions that follow, to which have been added some comments from the Maritime Administration Office in Japan. The consignee was pleased with the condition of the containers and the cotton; and the consensus of all participants was that cotton containerization has important advantages, made plain even in this first trial: Speed and ease of loading, with minimum handling all the way from compress to ship; maintenance of good condition during the ocean voyage; speed and ease of unloading containers (compared with individual bales). Another potential advantage, time saving in transit, could not be evaluated at this stage because of unforeseen work stoppages at ports on both ends.

Lubbock to San Francisco

First step was the departure of an articulated Atchison, Topeka, and Santa Fe flatcar from San Francisco on March 2. This type of car, with segments joined by pivot connections, is the only kind suitable for loading and stowing the four standard 20-foot containers provided by the Pacific Far East Line. The flatcar, carrying the empty containers, arrived at the Farmer's Cooperative Compress in Lubbock March 5. There, the gin bales to be shipped were being withdrawn from the warehouse inventory, compressed, weighed, tallied, and hand-



THE 20-FOOTER

Dimensions:
Outside, 20′ x 8′ x 8′
Inside, 19′6½″ x 17′9½″ x 7′6″
Capacity:
Piggyback (all rail), 54 bales, or 25,920 lb.
Piggyback (over the road), 52 bales, or 24,960 lb.
Note: **Capacity based on bale dimensions of 56″ x 20″ x 22″, obtained from American Cotton Compress and Warehouseman's Association, and on estimated practical road-weight limit of 25,000 lb.**

trucked to the forklift area. The loaded forklift crossed to the flatcar on a steel dock board laid between each two containers as they remained in locked-down position, their open doors facing each other. Then each container in turn was entered across its sill, also by dock board, and "stuffed" from the base.

Carrying four bales at a time, or approximately 2,000 pounds, the forklift easily kept pace with the production of the compress crew, attaining a rate of 14 minutes for loading 49 bales into the third container. With traditional "car" loading procedures, 54 bales could be loaded into the standard USASI/ISO container being used.

Tentative rate prospects

Normal handling, with bales on end, was possible throughout the process. Therefore, the bulk loading rate for containers is expected to be fully comparable with that for rail cars.

The comparison with truck shipments could be still more favorable. Normal practice has been to charge 50 cents extra per bale for such shipments, to cover the occasional necessity of rehandling the bales away from the forklift

1. Filling container on flatcar, Lubbock.

area for storage when the trucks fail to meet their arrival time. It was tentatively concluded that such an extra charge would not apply to "containers on car" shipments.

The AT&SF flatcar left Lubbock March 6 and arrived at San Francisco Pier 29 for offloading March 10. The containers were in good condition (Class A—waterproof). PFEL accepted the weights recorded by the certified weighmaster in Lubbock. A work stoppage, however, delayed until April 9 the loading of the containers aboard ship. Next day the *SS Washington Bear* sailed for Kobe with the containers on deck, arriving April 25.

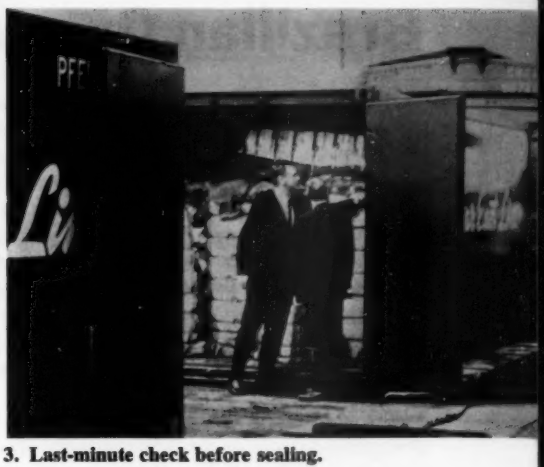
Handling at Kobe

On arrival at Kobe, the containers were discharged from the deck by a floating crane, placed on a small pier apron, then moved by forklift and rollers to a larger working space near the pier center, lifted by crane onto individual flatbed trucks, and towed to Mitsubishi Warehouse No. 2. Total discharge time was 4½ hours. Unstuffing, however, could not begin immediately owing to shortage of labor, and only one container was emptied that day. Small tractors pulled the bales to the container edge, where a forklift removed them and put them on the ground. The remaining three were emptied similarly next day. Average time for unstuffing a container was 20 minutes.

Before and after being unstuffed, the containers were carefully inspected. Doors, seals, and exterior were found undamaged; the interior was also in good condition, with no traces of water entering or being generated. Close inspection of the bales showed them also in good condition and clearly marked; compared with those moved under conventional

[1] The full report may be obtained from the Public Information Office, Maritime Administration, 441 G St. NW., Washington, D.C. 20236.

2. Closeup of bales after loading.



3. Last-minute check before sealing.

break-bulk methods, they appeared far more tidy and less cover-torn. They remained in open storage in the warehouse until May 7, awaiting the arrival of a buyer from the Kanamori Spinning Co. to weigh and accept them. The weight outturn at arrival showed an average gain of 6.2 pounds per bale over the loaded weight at the Lubbock compress. After storage, however, there was an average net loss of 3.1 pounds.

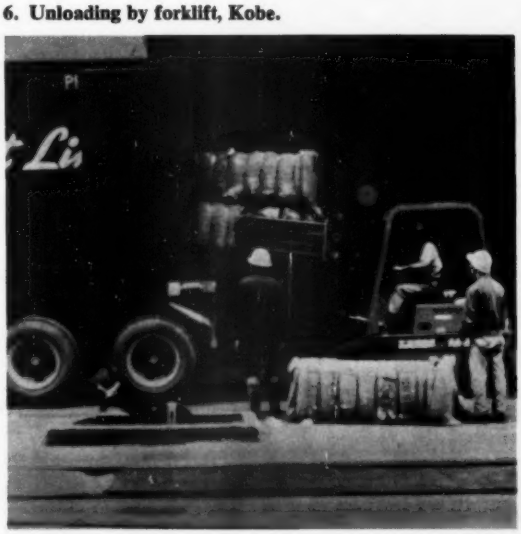
Evaluating the experiment

For this experimental run, the container port of San Francisco was used; but with the development and growth of containerization in the U.S. Gulf area, container systems with loading at an inland source can also be used for moving cotton via Gulf ports. Ports used in any specific movement would depend on the availability of U.S.-flag shipping space and containers there, as well as on the total economics of the movement.

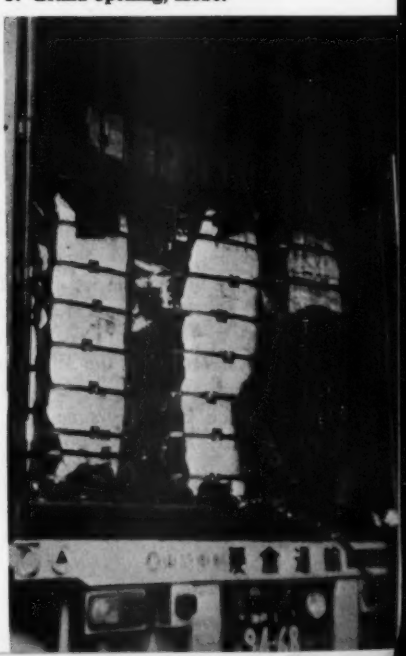
Although time in transit was not built in as a factor in this experiment, the cotton industry may find that adopting an intermodal container system can give the benefit of a substantial time saving—depending on the amount of cooperation and coordination occurring between the industry and the participating transport modes. Modern container ships travel at over 20 knots, and most major ports have container-handling facilities capable of loading 50 bales of containerized cotton in about 1½ minutes as against close to an hour for breakbulk loading. Time saving, plus the fact that door-to-door container shipments eliminate damage and charges from multiple handling (as many shippers of other U.S. farm products already know), would encourage the expanded application of containerization to move U.S. cotton more economically and efficiently to foreign mills.

4. *Washington Bear*, containers on deck.

6. Unloading by forklift, Kobe.



5. Grand opening, Kobe.



Brazilian Official Explains Wheat Policy

Below is a freely translated version of a recent article in the Jornal do Brasil *by Enaldo Cravo Peixoto, Director of the Brazilian Government's National Supply Agency—the Superintendência Nacional Do Abastecimento (Sunab). Sunab regulates Brazil's wheat supply through the purchase of all domestic and imported wheat and its subsequent sales to the mills. The article is worthy of note for several reasons. It explains the government's current policy on wheat imports and supply and the mechanism by which the policy is implemented. It projects wheat quotas for mills through 1970. And it is the first time to our knowledge that Mr. Cravo Peixoto, a leading government spokesman on wheat supply policy, has given the public a detailed explanation of the government's role in the wheat supply situation. The article was entitled "New Policy of Wheat Supply."*

Sunab is giving much greater emphasis now to the structural problems of supply in Brazil than in former years. During the last 2 years Sunab has been trying to stimulate agricultural production, modernize its food-marketing system, improve warehousing facilities, and increase efficiency in its distribution system. These are not only short-term concerns since the Government of Brazil is also concerned with establishing a policy for the long term to break the structural barriers of supply in Brazil. As part of this new emphasis on efficient food supply, this agency is giving special attention to the problems of production, importation, marketing, and processing of wheat—a basic food product of the Brazilian people.

Through its Wheat Department, created in 1965, Sunab directs, executes, and inspects all activities relating to the marketing and processing of wheat in Brazil. Sunab also fosters the wheat imports necessary to complement the country's supply. The government's wheat policy is based on Decree Law 210 of February 27, 1967, which sets forth the rules governing Brazil's wheat-supply program.

Decree Law 210

The purpose of this decree was to regulate the supply of wheat, which had been deficient until recently, and to reduce the idle capacity of the mills which had been operating at about 75 percent of capacity. To do this a review had to be made of milling capacity in order to prevent the mills from receiving through false declarations higher quotas than they had a right to. With the difficulties of importation overcome, which had been caused mainly by a scarcity of funds, the situation not only led to a deficit in wheat supply but brought about an overcapacity in the milling industry which became more aggravated with increased indications of frauds relating to milling capacity. Since wheat was distributed in proportion to the milling capacity of each mill, some of those wishing to receive greater quantities to sell in the black market prepared fictitious records. This practice could only be stopped by a general study of the situation which existed in the milling industry and by the provisions of Decree Law 210. Another intention of the decree was to force the mills to increase substantially their capacity for storage and warehousing.

Only through this notable study by the Commission on Revision of Capacity, which inspected 452 mills throughout Brazil, from Amazônas to Rio Grande do Sul, during the second half of 1967, was it possible to obtain correct data on the status of the national milling industry. Decree No. 210 verified the existence of idle milling capacity, and other Sunab decrees determined that 40 percent of the wheat processing equipment of the mills should be set free for utilization in similar activities, such as processing of substitutes and other cereals. This percentage of equipment set free was fixed in 1967 by Decree No. 1471.

With annual wheat consumption estimated at 3 million tons, the mills, following the study and freeing of the equipment, presently have an annual milling capacity of approximately 6 million tons. The unused capacity will be available to existing mills to enable them to take care of the increased demand forecast by specialists for the next decade. Another measure which also was aimed at reduction of idle milling capacity was the granting of greater incentives toward incorporation and mergers, besides the expressed prohibition of authorizing the installation of new industrial units. Number of mills, which formerly exceeded 600, is now reduced to 330.

Wheat quotas in each zone of consumption are divided into two parts—a general quota and a specific quota. The latter is for the mills with a storage or warehousing capacity corresponding to 20 times the daily milling capacity verified by the 1967 revision. In 1968, 90 percent of the total allocated to each consumption zone was distributed to all of the mills indiscriminately, with 10 percent being reserved exclusively for those owners of silos or warehouses with the capacity projected.

Arithmetical progression

Decree Law 210 projects an arithmetical progression in the quotas—decreasing the general quota and increasing the specific quota—for the purpose of rewarding the mills that develop their storage and/or warehouse system. Through this scheme, in 1976, the mills with a storage capacity required by the decree will receive 90 percent of the quota, and, beginning in 1977, these mills will be the only ones eligible to receive a wheat quota from the government through Sunab.

According to the rules of Decree Law 210, distribution of wheat is made on the basis of the consumption forecast for each zone and in proportion to the milling capacity of the mills through a system of regulating the stocks by semiannual quotas. This replaces the old system of liberating massive quantities of wheat. The government is a monopsonist in foreign wheat purchases and a monopolist in the sale of wheat to mills, utilizing the mills that have silos in order to form regulator stocks. The system operates through contracts of "comodato" with the government free of any onus since the mills have the burden of responsibility for the costs.

The Brazilian wheat producer today is certain that all of his production will be marketed since it is totally purchased by the Federal Government, through the Bank of Brazil, according to the marketing rules laid down by Sunab. Of major importance for the national production of wheat is the government's new policy of fixing the purchase price at planting time, through Sunab's portarias. This policy was put into effect in 1968 for the 1967-68 and the 1968-69 crops with excellent results.

All of these facts—particularly the guarantee that all of the production would be sold, and with the price fixed at time of planting, before the harvest—are the best incentives that can be given to the wheat producer since they insure that he will not suffer any loss.

Also, Sunab's rules guarantee to the producer an excellent margin of profit, about 30 percent, at fixed prices, for the purchase of wheat. The national wheat crop, therefore, is not unprotected any more, and a growing interest in wheat production is noted in many regions of the country, as nowadays its planting is an excellent investment. Our present intent is to be able to supply 50 percent of the wheat consumption with national production in the next 6 years. But, to do this a great effort will have to be made. The deficit between internal demand for and supply of wheat will have to be reduced. However, it is suitable to remember that the importation of foreign wheat permits Brazil to have a large amount of bargaining power in the international markets, making it possible to negotiate better sales of export products. We intend, therefore, to reach an adequate balance, close to 50 percent, between production and importation of wheat.

This year (1969), national wheat production should reach 600,000 tons, according to forecasts, which will equal 20 percent of forecast consumption of 3,000,000 tons. [Actual production exceeded this forecast by 100,000 tons.—Ed.] National production in recent years has shown an upward trend. It is now around 300,000 to 400,000 tons—corresponding to little more than 10 percent of consumption.

Part of the stocks purchased by the Bank of Brazil is usually made up of selected seeds and is reserved to be used in the following period. The remaining wheat is distributed to mills, with priority over the imported product. The wheat —whether national or foreign—is sold to mills for processing, at a specified price aimed at leveling the price between national and imported wheat (Decree 60,698 of May 8, 1967). The government purchases national wheat for a much higher price than the imported wheat since production costs for national wheat are higher largely because of low productivity of our crops. But the Leveling Commission, created by Decree 60,698, equated the two prices to a weighted average amount at which the wheat is sold to mills. This represents a valuable stimulus to national wheat production.

Increase in productivity

In order to achieve a national production of 50 percent of consumption in the next few years, that is, between 1.5 million and 2 million tons, efforts will have to be concentrated on increased productivity. To give an idea of what this represents, it is interesting to remember that the increase in productivity in Mexico's wheat crops, whose yield per hectare increased tenfold in less than 30 years, changed this country from an importer in 1956 to an exporter in 1965. This increase in productivity resulted principally from the use of selected varieties of wheat seeds.

Brazil's wheat yields have increased in recent years. According to the 1960 census, the average yield was 480 kilograms per hectare [7.1 bushels per acre] in Rio Grande do Sul, a State which accounts for 90 percent of total national production. Although yield has now reached 850 kilograms per hectare [12.6 bushels per acre], the objective is to exceed a metric ton per hectare [14.9 bushels per acre] beginning in 1969. We intend to produce 600,000 tons in a planted area of approximately 500,000 hectares.

A yield of 960 kilograms per hectare [14.3 bushels per acre] is being obtained for many crops, which is considered ideal by specialists. But, compared to yields in other countries, it is still too low. In Mexico, present productivity is 2,410 kilograms per hectare [35.8 bushels per acre]; in the United States it is 1,740 kilograms per hectare [25.9 bushels per acre]; in Argentina, 1,460 kilograms per hectare [21.7 bushels per acre]; and in Russia, 1,060 kilograms per hectare [15.8 bushels per acre].

A greater utilization of selected seeds will be necessary to increase productivity of wheat crops. It is necessary to obtain varieties more resistant to insects and diseases and less sensitive to heat. Technicians in Rio Grande do Sul have now succeeded in substituting some seeds by others of superior quality through agricultural research.

It is important to emphasize that increased production of wheat crops will be achieved not only through expansion of area planted but principally because of increases in yields per hectare. This is a cheaper and faster way of increasing production since the new areas may be of poorest quality or require a substantial amount of capital investment. Introduction of new methods of soil and crop preparation and new fertilizing practices are some of the other measures aimed at increasing productivity. Use of suitable technology and better use of mechanization can also increase productivity.

Ninety percent of the funds obtained from the collection of price differentials from mills, resulting from adjustment of exchange rates on wheat stocks and products, are applied to programs of research and experimentation aimed at increasing wheat productivity and to financial incentive plans in the use of fertilizers and mineral supplements in agriculture. These programs are administered by Ministry of Agriculture officials.

Imported wheat

The Federal Government is a monopsonist of imported wheat; that is, it is the only purchaser of the foreign product through Sunab's Wheat Deliberative Board and carried out by the Bank of Brazil's Foreign Trade Division (Carteira de Comercio Exterior, or Cacex).

Although decrees determining wheat policy insist that foreign wheat imports will be made only to complement country supply, the fact is that the major part of the wheat consumed in Brazil (over 80 percent) still comes from abroad, particularly from Argentina and North America. Only in the next few years—and even so with much effort—will we be able to supply 50 percent of consumption with domestic production.

The fact that the government has a monopoly on wheat purchased from abroad is due precisely to the special importance of imported wheat in the domestic supply sector—requiring direct state intervention. Wheat purchases are determined, as already emphasized, by the Wheat Deliberative Board and carried out by Bank of Brazil's Cacex. The Board is composed of representatives from several organizations of the government's economic sector, presided over by the director of Sunab's Wheat Department.

Purchases are made in several ways: bilateral agreements, trade agreements, or wheat agreements under P.L. 480. Otherwise tenders are held by the Board for purchases in the international market when, at a given time, suppliers make their bids on prices, delivery, and payment terms. This method—

international bids—is a recent one by the present Wheat Board, and is aimed at facilitating international negotiations.

In 1968, 2,497,000 tons of wheat were purchased from Argentina, United States, Uruguay, France, Bulgaria, and Russia at an average f.o.b. price of US$57.96 per ton. This is equal to a total cost of approximately US$140 million, not including freight expenses. In recent years wheat in grain has been alternating with crude oil for first place position in value of Brazil's imports. In general, 10 percent of Brazil's imports are wheat in grain. The table at right shows the wheat suppliers and their world average prices per ton in recent years. The importation of 2,400,000 tons of wheat in grain and a greater diversification among supplying countries are forecast for 1969.

A large amount of Brazilian imports (over 20 percent) results from agreements under P.L. 480, known as Wheat Agreements. Through this instrument, Brazilian imports of North American wheat are financed for a period of 20 years, and the resources obtained by Brazil in the sale of this wheat are applied to development programs.

According to recent agreements, the allocation of funds resulting from P.L. 480 shall be made available to the agricultural sector, covering programs of marketing, funds for fertilizers, financing to supply centers and supermarkets; a percentage is allocated for storage and construction of roads from farms to consuming centers. Funds are also allocated to other agricultural development plans presented in "Brazil's Strategic Program of Development."

Because of the fact that supply is made through regulating stocks by weekly distributions, and also as a result of the development of Brazil's storage system and expansion in the planting of the national wheat crop, we do not have to apply for imports under unfavorable terms as if we were asking for help. On the contrary, we can carry out better negotiations, using the wheat in exchange for some of our principal export products, raw or manufactured. A larger reduction of imported wheat in domestic consumption will place our country —in an even better position in the world market.

Conclusions

As one can see, Sunab and other organizations of the Ministry of Agriculture and of the Government connected with the wheat sector are more and more engaged in improving the wheat supply, trying to obtain more wheat from domestic production without eliminating wheat imports inasmuch as imports represent an important means of negotiation in the international scene.

This quick view of what is being done under Brazil's wheat policy, covering supply, production, and importation, gives an idea of Sunab's concern and care regarding long-term questions involving wheat structural problems. The solution of some of the structural and related problems has resulted in a reduction of the rate of increase in food costs in recent years, and in this respect Sunab has cooperated with the anti-inflationary policy.

In 1968 food was the cost-of-living item which showed the smallest increase—17.7 percent—against a general total of 24.0 percent.

For comparison, the following are percentage increases in food costs for other years: 1963, 77.3; 1964, 75.9; 1965, 31.7; 1966, 40.2; 1967, 14.1.

Within the government's announced objective of holding the annual rate of inflation to around 20 percent, it is intended that food costs, that is, prices of food products to the consumer, do not increase by more than 15 percent in comparison with 1968. This will mean a highly compensatory supply policy, of short and long terms, carried out by the Federal Government and particularly by the Ministry of Agriculture and, within it, Sunab.

WHEAT PURCHASES BY BRAZIL

Origin	1964	1965	1966	1967	1968
	Thousand metric tons	*Thousand metric tons*	*Thousand metric tons*	*Thousand metric tons*	*Thousand metric tons*
United States:					
P.L. 480	1,461	250	422	498	448
Financed	—	—	—	—	255
International market	228	270	785	650	215
Argentina:					
Agreement	900	1,291	1,060	650	1,000
International market	—	—	—	—	64
Bulgaria:					
Agreement	—	—	80	160	100
International market	—	—	—	—	35
Russia, agreement	—	—	—	50	80
France, international market	—	—	—	—	150
Australia, agreement	—	—	—	200	—
Uruguay, agreement	—	90	90	10	150
Mexico, international market	—	—	—	60	—
Spain, agreement	—	—	—	100	—
Other	—	—	30	55	—
Total	2,589	1,901	2,467	2,433	2,497
	US$	*US$*	*US$*	*US$*	*US$*
Average price per ton f.o.b.	67.59	60.55	60.40	62.53	57.96

Note: Quantities in the table are for purchases, not imports. Imports may vary somewhat because of shipping schedules and shipping tolerances.

Wheat Deliberative Board, Central Bank, and Bank of Brazil.

—Dispatch from JOHN C. MCDONALD
U.S. Agricultural Attaché, Rio de Janeiro

Greece Drafts Tobacco Plan

The National Tobacco Board of Greece recently drafted a 5-year (1970-74) plan on tobacco policy. The draft, which represents the first systematic effort to improve and reorganize the country's tobacco economy, has reportedly been distributed to tobacco growers associations and exporters for comments. The purpose of the plan is to secure an increase in foreign-currency receipts and a higher income for the growers through quality improvement, appropriate adaptation to the international market requirements, improved production techniques, and standardization of varieties.

Beginning with the 1970 tobacco crop, the plan calls for an export goal of 209 million pounds, rising gradually to 226 million by 1974. The breakdown of the total 1970 goal includes 182.4 million pounds of oriental and 26.5 million of burley. The 1974 goal is set at 195.1 million pounds of oriental and 30.9 million of burley. In 1968, Greek exports of unmanufactured tobacco totaled 154.8 million pounds; they had averaged 135.6 million annually during the 5-year period 1960-64. Of total exports in 1968, about 9.5 million were burley tobacco.

Based on these export goals and allowing for rising domestic consumption, the plan sets total tobacco production at 241 million pounds in 1970 and 261 million by 1974. By comparison, production totaled 229 million pounds in 1968 and averaged 219 million annually during the 1960-64 period.

Specialist Nuernberg removes a hotel rib roast from Hereford front quarter. All cuts at seminar were according to the standards of the Meat Buyers Guide to Portion Control Meat Cuts.

Meat-Cutting Seminars Star Hereford Lean Beef

Portuguese hotel and restaurant buyers, meat tradesmen, and government officials watched and listened attentively to demonstrations at the Lisbon Municipal Slaughter House on May 20 and 21 of how to grade beef carcasses and fabricate them into portion-controlled cuts. Special emphasis was placed on producing cuts suitable to hotel and restaurant use.

The carcasses used, one each day, were of Portuguese-born-and-bred American Herefords that had been on a special feeding program for 100 days. The U.S. Feed Grains Council administered the cattle-feeding operations.

Seminar attendees were much impressed by the high yields of lean meat—72 percent for one carcass and 75 percent for the other—and by the meat quality. Sessions were an important proof to the Portuguese meat trade of the lean-meat-growing ability of American Herefords in Portugal, when scientifically fed. Portuguese customers prefer meat without much fat.

Kenneth L. Nuernberg, a meat specialist of USDA's Foreign Agricultural Service, graded the meat and performed the carcass fabrications. To help the audience understand proceedings, charts with Portuguese wording were given to them showing the cuts made and from what part of the carcass they came.

The seminars reached more people than the immediate audience. Sessions attracted live television coverage and generated stories in numerous local newspapers. Further, statistics on yield were incorporated into a pamphlet on the meat-growing qualities of American Herefords that was given to visitors to the U.S. livestock exhibit at the Santarém Fair, June 1-15. The seminars themselves served as good pre-Fair publicity.

The roasts obtained from the sessions were served to 250 guests at the U.S. Day reception luncheon, held on June 10, at the Santarém Agricultural Fair.

Left, meat specialist examines a side of beef for yield grade; below, boning a hind quarter; bottom right, assistant shows cut of meat to hotel buyer; right, Assistant to the U.S. Agricultural Attaché, Lisbon, explains procedures to the audience.

India Examines Preferences in Textiles for Clothing

By ROSS L. PACKARD
U.S. Agricultural Officer, Bombay

Finding out what the half billion people of India wear and what they want to wear is important both to Indian textile manufacturers and to the suppliers of textile raw materials to India—such as the United States, which exported 354,515 bales (480 lb. net) of cotton to India in 1967-68.

A program of market analysis, research, and surveys of the different types of cotton textiles made in India began in 1959. Program directors have been the Indian Textile Committee and Cotton Council International. USDA's Foreign Agricultural Service has participated by making available modest amounts of Indian rupees (derived from P.L. 480 sales). U.S. funds have been matched by the Indian Textile Committee.

The Indian textile marketing studies to date have basically been inventories of fiber use. But surveys have also attempted to correlate demand for different fibers with changes in economic conditions, to forecast trends in fashions, and to provide information that would help improve merchandizing methods for cotton textiles.

A recent study by the Textile Committee, for example, was the "Consumer Preference Survey in Maharashtra State," which compared demands for cotton, manmade fibers, wool, and silk. The object of the project was to assess scientifically the competition which faces cotton as a clothing fiber.

Questions were asked of 1,920 families scattered among the metropolis of Bombay, two smaller cities, and six villages. In each family one or more men and women were interviewed for their preferences for fabrics for four important garments in India—shirts, trousers, sarees, and blouses. Another common clothing item, the dhoti (a long piece of cloth worn wrapped and tucked to look like loose trousers), was not included in the survey since it is almost always made of cotton.

The results of the study, in capsule form, are in the table at left.

As the table shows, cotton was the preferred fiber for all types of clothing mentioned. What the table does not show, however, is that younger age groups and persons of higher income were relatively attracted toward noncotton material for clothing—an indication of what may be a stronger consumer preference several years from now if cotton does not strengthen its competitiveness.

Previous studies, such as "Cotton Counts Its Customers," published in 1966, have already made clear the increasing interest of customers—especially men—in manmade fibers. Between 1959 and 1963 cotton fabric's total share of the Indian textile market for men's wear decreased from 99.5 percent to 97.2 percent. The Maharashtra survey indicated the trend of clothing preferences.

An entirely different type of cotton study also being accomplished in India is scrutiny of the distribution of finished cotton textiles. In a country as large and densely populated as India, distribution methods may make considerable differences in end prices and availabilities of preferred goods for cotton textile customers.

If the improved foodgrain production of the last 2 years continues so that food prices remain stabilized and farm incomes augmented, demand for cotton textiles in India could greatly increase. Families freed from scarcity food prices may well decide to spend some of their incomes on new and improved clothing. Some of the fiber in such garments would be U.S. cotton.

MAHARASHTRA CONSUMER CHOICE OF FIBERS

Garment	Preferred fibers			
	Cotton	Manmade	Cotton-manmade blends	Other
	Percent	*Percent*	*Percent*	*Percent*
Shirts	86.4	8.0	5.4	0.2
Trousers	62.4	16.0	17.0	3.7
Sarees	92.7	3.0	2.1	2.2
Blouses	95.5	1.9	1.0	1.6

German Wheat Team

Four representatives of the West German milling industry got an inside view of U.S. methods of wheat growing, marketing, storage, transport, and research in a 3-week tour ending June 27 under the joint sponsorship of Great Plains Wheat, Inc. and the Foreign Agricultural Service, U.S. Department of Agriculture.

The four members of the West German team were Herbert P. S. Konitzer, Dusseldorf; Erhard Kruse, Berlin; Karl Genzken, Hamburg, and H. C. Pegler, Cologne. They were especially interested in methods of production and handling of Hard Red Spring and Durum wheats. West Germany is a growing market for these wheat classes—Hard Red Spring because of its desirable baking qualities and Durum for making spaghetti, macaroni, and similar products.

U.S. sales of Durum and Hard Red Spring wheats are gaining ground in Germany this marketing year—1,944,000 bushels from July 1, 1968, through April 30, 1969, compared with 1,841,000 bushels for the July-June 1967-68 marketing year.

The wheat team scrutinized the wheat pipe line that provided such supplies by visiting producers in both Durum and Hard Red Spring areas, elevators, millers, bakers, officers of wheat associations, research facilities at universities concerned with wheat technology, the Chicago Board of Trade, the Minneapolis Grain Exchange, port export facilities, and officials of the U.S. Department of Agriculture.

Team members Kruse and Konitzer examine wheat direct from Oklahoma farm.

U.S. Foods Featured in Hamburg

The 60 self-service food markets of the Hammonia Handels G.m.b.H. chain in the Hamburg area of Germany pleased their customers with both new and familiar U.S. foods during a "USA Celebration," from March 24—April 12, 1969.

In addition to signs, leaflets, posters, newspaper advertisements, and displays, recipe booklets and other point-of-purchase materials were distributed in the larger stores by the Rice Council for Market Development and the Institute of American Poultry Industries, both cooperators with the Foreign Agricultural Service (FAS). Other FAS cooperators —the California Raisin and California Cling Peach Advisory Boards—provided demonstrators for their products in some of the most frequented markets.

The U.S. food items featured that were new to the Hammonia chain were: frozen chicken backs and necks, turkey thighs, salmon, U.S.-brand orange drink and orangeade concentrate, Hawaiian pineapple, California raisins and fruit cocktail and prunes, California asparagus, peanut and raisin mixture, U.S. almonds, and identified soybean oil.

Hammonia's chief food buyer reports that sales of all items were excellent and that the biggest problem was quickly reordering the most popular products.

Left, picture in recipe booklet advertises pure edible soybean oil sold in Hammonia stores.

Top right, front cover of advertising folder; bottom right, back cover lists special bargains.

Freiburg Food Sales

U.S. foods were featured in southwest Germany in the Freiburg area in 59 self-service stores and 16 supermarkets of the Gottlieb chain May 8-22, 1969. Newspaper advertising lured customers to stores, where point-of-purchase posters and special item and price markers led shoppers to U.S. products.

In addition to U.S. foods previously stocked by L. Gottlieb G.m.b.H., the following were on sale: fruit cocktail, California asparagus, sweet corn, boysenberries, vegetable juice, carrot juice, pineapple juice, mixed nuts, almonds, honey with comb, baked beans, U.S.-brand rice, canned chicken, frozen turkey thighs, and shrimp. Some U.S. foods already familiar to Gottlieb clientele were: canned peaches and pineapple; grapefruit, lemon, and orange juices; prunes; lentils; soybean oil; and frozen chicken backs and necks and whole turkeys.

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Agricultural Aspects of Hungarian Economic Reforms

By THOMAS A. VANKAI
Foreign Regional Analysis Division
Economic Research Service

First-year results of Hungary's economic reform program, which was introduced January 1, 1968, now are being assessed. This program, called the New Economic Mechanism (NEM), is an attempt to blend central planning with elements of a market economy. Its motivation is the sluggish economic growth that Hungary—in common with the Soviet Union and most East European countries—had in the early 1960's.

Reforms in Yugoslavia, East Germany, Czechoslovakia, and certain segments of the Soviet economy preceded the Hungarian NEM, and at present all East European countries are modifying their economic systems. But Hungary's reforms seem to be the most far-reaching except for Yugoslavia's.

Several years of preparation and transitional measures laid the groundwork for the NEM. The guiding idea is more efficient use of productive resources to satisfy demand, both domestic and foreign. Under the strict regime of central planning, inventories of unsalable items had accumulated to high levels while consumer demands were not met. Quality was poor; incentives and output were unsatisfactory.

Economic shifts most affecting agriculture

Some of the basic shifts in economic policy are—

- the delegation of responsibility for enterprise planning and management to the individual producer or firm, leaving to central planners the formulation of long-range objectives;
- a more flexible price policy—to let market forces influence decisions—including the reform of agricultural producer prices to make operations profitable on average farms;
- competition in the agricultural marketing system through an increase in the number of buying agencies, including direct purchasing by processing industries, and through free marketing of certain farm products;
- the placing of foreign trade agencies on a commission basis to permit the direct influence of world market prices on production and trade decisions;
- the use of profit as the chief indicator of efficiency;
- the inclusion of interest charges on land and capital in determining costs.

In agriculture, the reform is intended to foster specialization, efficiency, and productivity. Special policy goals are furthered by monetary incentives, like the bonuses given for cattle raising. A mandatory quota on breadgrain acreage is the only remaining administrative regulation on cultivation which farmers must heed. Local farm management has been given freedom to purchase needed farm machinery, previously allocated according to planned quotas.

One of the NEM's goals is cooperation among farms and between the processing industry and farms to help utilize farm labor in the off-season. As a first step, the Ministries of Agriculture and Food have been amalgamated to help coordinate the cooperative efforts. Also, regional farmers' organizations have been set up to give advice and leadership.

One of the most significant moves toward a market economy is the price reform. For the time being, there are three kinds of prices; fixed, limited-fluctuation, and free. Foodgrain prices, for example, are fixed; feedgrains belong to the limited-fluctuation category; and some vegetables, fruits, and imported nonessential products have free prices. About 20 percent of all prices are free, and the number in this category is to be extended. Prices of essential consumer foods are fixed and subsidized by the government. But as a transitional measure, average agricultural prices were raised by 9 percent in 1966 and again by 8 percent in 1968.

Profitability has become an important indicator of efficiency. Limits still are placed on the distribution of profits, however. For example, farms are required to contribute specified shares of their profits to funds for wages, investment, and other purposes.

The land tax is now based on assessments made progressively according to the use and value of the land instead of on a straight rate per unit of land.

The reform program entrusts farm credit to local branches of the national bank, replacing the previous policy of centralized control. The bank must, however, follow government guidelines on priorities and on the total amount available for lending. Local branches must evaluate a borrower's financial responsibility and approve loan requests on an individual basis. Government subsidies from central funds are available for loans needed to finance large-scale projects, aid financially weak farms, and provide the "guaranteed" minimum earnings of full-time collective-farm workers.

Legislative and other effects

The introduction of the NEM was accompanied by important farm legislation. The new Land Act terminates absentee ownership of collectively cultivated land. When individual farmers first joined the collectives, they were allowed to retain title to their land. The collectives still pay rent to those owners for the use of this land. Absentee owners—those who have resigned from the collective or are heirs of deceased members—now must either join the collectives, if the active membership approves their applications, or sell their land for a nominal price. The ultimate aim of the government is ownership by the collective of all land in collective farms.

Legislation was also enacted to modify household plot rights. These rights now are tied to a minimum work-day contribution on the collective farm and are extended to every member of a family who meets the minimum work requirements.

Social and pension benefits in agriculture have been better alined with those in industry. These benefits and a "minimum wage" contribute to increased security for farmers.

The reform had only a limited effect on the economy and on agricultural production during 1968, and it is too early to assess the extent of the ultimate impact. Local management remained cautious, being unaccustomed to independent action, and exercised only a mild degree of initiative. The new freedom in machinery purchases led to an accumulation of some domestic implements at factories, although other farm machinery was imported. The government has been slow to relinquish its authority.

On the positive side, the outflow of labor from rural to urban areas was checked, inflation was avoided, and agricultural production in 1968 matched the previous year's result in spite of a prolonged and severe drought in the spring.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	July 8	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.92	−1	2.02
USSR SKS-14	1.84	0	1.88
Australian Prime Hard	1.87	0	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.91	0	2.02
15 percent	1.92	−1	2.00
U.S. No. 2 Hard Winter			
14 percent	1.95	−3	1.99
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.71	+3	1.73
Feedgrains:			
U.S. No. 3 Yellow corn	1.47	+3	1.30
Argentine Plate corn	1.67	+9	1.50
U.S. No. 2 sorghum	1.28	+1	1.26
Argentine-Granifero	1.28	+5	1.30

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Iran's Almond Prospects

Current reports indicate that Iran's 1969 almond crop will equal the 7,000 short ton, kernel basis, 1968 crop. Iran's 1968-69 exports are running well ahead of the previous year's level and indications are for total exports of 4,000 short tons. The good 1969 crop, combined with lower European production, suggests a continued strong export market for Iranian almonds.

IRAN'S ALMOND SUPPLY AND DISTRIBUTION

Item	1962-66	1966-67	1967-68	1968-69 [1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 23)	1.1	2.0	0.5	0.5
Production	5.6	1.5	6.0	7.0
Imports	—	—	—	—
Total supply	6.7	3.5	6.5	7.5
Exports	2.8	0.6	2.8	4.0
Domestic disappearance	2.9	2.4	3.2	3.0
Ending stocks (Sept. 22)	1.0	.5	.5	.5
Total distribution	6.7	3.5	6.5	7.5

[1] Preliminary.

Chile's Wine Exports Up

Exports of Chilean wine in 1968 totaled 863,000 gallons, 5 percent above the 1967 level of 825,000 gallons but only about one-half the 1962-66 average. Shipments of bottled wines show a definite upward trend. However, lower shipments of bulk wine have held the total export level below average. Exports totaled 239,000 gallons of bottled wine and 624,000 gallons of bulk wine in 1968. For wine in bottles, the United States, Colombia, and Venezuela are the principal export markets; for wine in bulk, West Germany, Switzerland, and Belgium.

1968 CHILEAN WINE EXPORTS

Country of destination	Bottled	Bulk	Total
	1,000 gallons	*1,000 gallons*	*1,000 gallons*
West Germany	(1)	374	374
Switzerland	—	112	112
Belgium	—	100	100
United States	56	—	56
Colombia	50	—	50
Venezuela	37	—	37
Mexico	23	—	23
Other	73	38	111
Total	239	624	863

[1] Less than 500 gallons.

Outlook Good for U.S. Pork Exports

Although pork prices are rising in the United States, exports are up substantially owing to even faster price rises in the major pork importing countries. U.S. pork exports totaled 49.4 milion pounds in the first 4 months of 1969, substantially up from the 11.2 million pounds exported during the first 4 months of 1968. Japan showed the greatest percentage gain with imports increasing from only 526,000 pounds in the first 4 months of 1968 to 11.7 million pounds in 1969. At the same time, sales to Canada—the major market for U.S. pork exports—increased from 3.7 million pounds to 30.4 million.

While the quantity of pork exports was 342 percent above the year-earlier level, the value was up 410 percent and totaled $18.8 million for the first 4 months of 1969. Total pork exports in 1968 were valued at $31.6 million, up from only $17.8 million in 1967.

U.S. Exports of Soybeans, Oils, Meals

The pace of U.S. exports of soybeans, soybean oil, and soybean meal slackened sharply in May, following the heavy movements of all three commodities in April and of beans and meal in March. Exports of soybeans in May, however, at 23.8 million bushels, were 3.7 million above last year's comparable volume. Over one-third of the total moved to Canada, but the final destination of part of this quantity probably was Europe. Almost one-third of the May total went to Japan. Exports during September-May reached 242.4 million bushels or 13 percent more than in the same period last year. Shipments destined for the European Community, Canada, Spain, and Taiwan continued to exceed those of a year earlier. Exports to Japan and Denmark were slightly below last year's levels, but exports to Israel were down more than one-third.

Soybean oil exports declined sharply from the high April level to 56 milion pounds compared with 69 million in May 1968. Most of the soybean oil continued to move under

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Public Law 480 Programs. Cumulative exports during October-May were 530 million pounds or 12 percent less than last year's. Over one-third of the total went to India.

May cottonseed oil exports were 12.8 million pounds, sent largely to Venezuela, compared with a total of only 800,000 pounds in May 1968. The October-May total was 104 million pounds—over three times last year's comparable level.

Exports of soybean meal dropped from the 413,000-ton level in April to 209,000 tons in May. Moreover, the May tonnage was one-fourth less than in May of last year. Over two-thirds of the total went to the EC, but exports to all countries of the Community except Italy declined from 1968 levels. During October-May soybean meal exports were 2.029 million tons, slightly above last year's tonnage.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILCAKES AND MEALS

Item and country of destination	Unit	May 1968 [1]	May 1969 [1]	Sept.-May 1967-68 [1]	Sept.-May 1968-69 [1]
SOYBEANS					
Belgium-Luxembourg	Mil. bu.	1.3	0	7.0	9.0
France	do.	.1	0	.5	.2
Germany, West	do.	1.7	1.6	26.3	28.6
Italy	do.	1.1	.3	12.4	15.2
Netherlands	do.	2.9	1.8	32.8	33.0
Total EC	do.	7.1	3.7	79.0	86.0
Japan	do.	5.4	7.5	56.1	55.6
Canada	do.	3.2	8.4	16.7	31.0
Spain	do.	2.2	1.6	22.0	25.4
China, Taiwan	do.	1.0	.7	7.9	14.9
Denmark	do.	.1	1.0	12.8	11.8
Israel	do.	0	0	7.2	4.6
Others	do.	1.1	.9	11.9	13.1
Total	do.	20.1	23.8	213.6	242.4
Oil equivalent	Mil. lb.	220.3	261.5	2,345.4	2,661.3
Meal equivalent	1,000 tons	471.5	559.7	5,019.7	5,695.8

EDIBLE OILS		May		Oct.-May	
Soybean: [2]		1968 [1]	1969 [1]	1967-68 [1]	1968-69 [1]
India	Mil. lb.	4.8	4.6	118.2	182.4
Pakistan	do.	1.1	0	125.7	89.6
Tunisia	do.	22.9	11.5	85.9	36.3
Morocco	do.	2.8	0	29.8	24.6
Iran	do.	0	0	7.1	24.3
Vietnam, South	do.	7.1	8.9	28.9	23.3
Canada	do.	3.1	3.3	15.8	18.6
Chile	do.	2.5	3.0	4.0	17.3
Israel	do.	1.9	2.4	23.7	15.8
Haiti	do.	1.4	1.3	11.2	13.1
Peru	do.	.1	1.4	3.9	9.3
Others	do.	20.9	19.6	149.2	75.6
Total	do.	68.6	56.0	603.4	530.2
Cottonseed: [2]					
Venezuela	do.	.1	10.4	23.6	47.4
Germany, West	do.	0	0	.4	15.3
Canada	do.	.4	2.2	5.4	11.7
Netherlands	do.	0	0	.5	10.0
Egypt	do.	0	0	0	8.3
Iran	do.	0	0	(3)	4.6
Others	do.	.3	.2	4.3	6.8
Total	do.	.8	12.8	34.2	104.1
Total oils	do.	69.3	68.8	637.6	634.3
CAKES AND MEALS					
Soybean:	1,000 tons				
Belgium-Luxembourg	do.	15.4	10.5	189.8	132.7
France	do.	49.1	21.6	336.9	308.7
Germany, West	do.	61.8	52.6	386.0	423.6
Italy	do.	24.3	33.3	110.6	179.1
Netherlands	do.	59.2	26.7	373.1	341.6
Total EC	do.	209.8	144.7	1,396.4	1,385.7
Canada	do.	21.7	20.0	155.2	207.5
Yugoslavia	do.	12.2	10.2	59.2	99.4
Poland	do.	0	11.7	47.7	64.6
Switzerland	do.	.1	.4	3.2	35.8
Spain	do.	.2	0	.5	31.6
Philippines	do.	2.9	7.9	33.5	25.8
Japan	do.	1.1	0	1.2	19.7
Others	do.	31.0	14.2	327.7	158.7
Total	do.	279.0	209.1	2,024.6	2,028.8
Cottonseed	do.	(4)	.1	2.0	2.2
Linseed	do.	6.2	7.9	75.6	40.5
Total cakes and meals [5]	do.	292.8	222.0	2,144.5	2,115.3

[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50,000 lb. [4] Less than 50 tons. [5] Includes cake and meal and small quantities of other cakes and meals.

Bureau of the Census.

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